

Legislation Text

File #: 170532, **Version:** 0

Urging the Pennsylvania General Assembly to adopt House Bill No. 393, which would “uncap” the Pennsylvania Film Production Tax Credit program.

WHEREAS, City Council’s Committee on Global Opportunities and the Creative/Innovative Economy held a public hearing on May 12, 2017 on the state of the Philadelphia film industry; and

WHEREAS, During this hearing, all witnesses agreed that while Philadelphia has tremendous potential as a filming location, a significant impediment to Philadelphia’s growth in the film industry is the limited availability of tax credits through the Pennsylvania Film Production Tax Credit program; and

WHEREAS, This tax credit, which was implemented in 2007, has an annual cap of \$60 million with which to lure film directors and producers. While it has helped Pennsylvania rise to become the 5th-most popular state for total film production, the annual allocation has regularly been exhausted within the first 6 months. It has become an annual routine that 10 or more productions wishing to be based in Pennsylvania go elsewhere due to a lack of available tax credits; and

WHEREAS, On February 8, 2017 State Representative Paul Costa introduced Pennsylvania House Bill 393, which would “uncap” the film tax credit. The advantages of “uncapping” this credit are to give the Pennsylvania Department of Community and Economic Development (which administers the tax credit) the flexibility to fully commit to multi-year productions and to more effectively budget for the program; and

WHEREAS, A report from the State’s independent Fiscal Office concludes that uncapping the film tax credit would have significant positive impacts on Pennsylvania’s economy with a minimal cost in the coming fiscal year. To date, it has been estimated the state has lost over \$1 billion in revenue due to having a capped tax credit; and

WHEREAS, Currently, nine states (Connecticut, Georgia, Louisiana, Massachusetts, Kentucky, Maine, Hawaii, Illinois, and North Carolina) have uncapped film production tax credits. As a result, many of these states have seen a significant increase in the number of film and television productions in the state, along with a corresponding increase in the number of film-related jobs; and

WHEREAS, House Bill 393 will grant an additional 5% credit for post-production work completed in Pennsylvania at a post-production facility with at least 10 permanent, full-time employees who live in Pennsylvania. Similarly, it would also provide a tax credit for video game production conducted in the Commonwealth at a facility with at least 10 permanent, full-time employees who live in Pennsylvania. These provisions could lead to further opportunities for a broader portion of Philadelphia’s creative economy; and

WHEREAS, A strong film industry benefits the local economy at large, as film productions bring additional revenue to the construction, computer service, food service, hospitality, transportation, and creative industries; and

WHEREAS, Film production is important to Philadelphia’s national reputation and the local economy. The more movies and television shows choose to shoot in Philadelphia, the more of a hub of the creative economy the City becomes. Passage of House Bill 393 will free Philadelphia to become very competitive with the rest of the nation in attraction of film productions; now, therefore, be it

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That we urge the Pennsylvania General Assembly to adopt House Bill No. 393, which would “uncap” the Pennsylvania Film Production Tax Credit program.

